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G.O. No. 5850

Dated 26. 11. 1948

[Despatch Abstract.]

Acts and Rules - State aid to Industries Act Board of Industries - 50th Meeting -Minutes - Recorded.

Minutes of the 50th Meeting of the Board of Industries constituted under the Madras State Aid to Industries Act 1922 (Act V of 1923) held at Lt. Col. Mirajkar's Bungalow, Mangalore on Monday the 8th and Tuesday the 9th November, 1948

PRESENT:

CHAIRMAN:-	T.M.S.Mani Esq., O.B.E., I.C.S., Director of Industries and Commerce, Madras.
MEMBERS	T.N.S.RAGHAVAN esq., I.C.S., Secretary to Government, Finance Depart Sri. R.V.Swaminathan.M.L.A. / ment Sri. C.Seshachalam, M.A.,B.L. Sri. Rao Sahib P.R.Ranganatha Punja Mr. M.H.Cassim sait. / R.A.,P.L. Sri B.Natarajan, Economic Advisor to th Government of Madras (co-opted for the meeting
SECRETARY:	Sri. V.Dattatreyan, B.E., Deputy Direct Industries and Commerce (General)

1. Progress of work. At the outset the Chairman explained to the members that 27 applications were pending with the Department at the time of the previous meeting of the Board of Industries. Two of these applications had since been withdrawn and 12 new applications were received. The total number of applications on hand were therefore 37 and 21 of these were being placed before the Board of Industries at the current meeting. As regards the 11 applications recommended by the Board at the previous meeting, one had been withdrawn by the applicant. A second application was being put up to the Board again for reconsideration and on the remaining 9 applications, Government orders were being awaited.

II. Minutes of previous meeting. (i) The Board proceeded to reconsider the application of Messrs. Asoka Best Sewings Manufacturing Co. In view of the doubtful nature of the security offered by the company as explained in the second note prepared by the Director of Industries and Commerce, the Board resolved to recommend rejection of the application.

(ii) The Board next took up for consideration the application of Sri. Attili Sattiraju, Proprietor, Sri. Krishna Cycle Industrial works, Ambajipettah for the extention of time of repayment of loan and subsidy sanctioned in G.O.Ms. 4371 Development department dated 23-8-1948 from 10 years and 5 years respectively to 15 years and 10 years respectively. The Board resolved to recommend the extension of time as requested by the applicant.

III. Policy regarding assistance to the Oil Milling Industry:

The Chairman next brought up for the consideration of the Board the question of restricting aid to the oil milling industry in future. The Chairman pointed out that Section 5(1) (d) of the Madras State Aid to Industries Act provided for the grant of the aid to an old or established industry only when special reasons existed for giving such aid. The oil milling industry in this Province was fairly well established. The State Aid Recommended by the Board to various types of Industry during the current year had already exceeded the budget Provision of Rs. 50,000/- and an appreciable amount of assistance had been recommended for the Oil Milling Industry. He also pointed

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pointed out that with the introduction of total prohibition the financial resources of the Provincial Government were curtailed to a very considerable extent. In the circumstances, it was essential that the available resources should be utilised for the development of new industries which were much more urgently needed for the ~~of new industries which were much more urgently needed for the national~~ economy. There was also the possibility that further development of the oil expeller industry might effect adversely the cottage chekku industry which was clearly against the policy of Government. The Chairman therefore suggested that the Board might in future recommend rejection of all applications for State Aid received from the oil milling industry except in cases where very special reasons existed for the grant of aid.

The Board agreed with the suggestion of the Chairman and resolved as follows:-

The Board feels that in order to obviate the possibility of the village chkku industry being driven out altogether, and as sufficient aid has recently been given to the oil crushing industry to enable it to meet demands, in the immediate future, the limited resources available should be used to ~~encourge~~ encourage other undeveloped industries of equal, if not, greater importance."

IV The Board then considered the applications placed before it.

(i) APPLICATION FROM SRI. K.S. SUBBIAH OF SHOLARIGI FOR A LOAN OF RS.800/-

The Board felt that the applicant was more or less an adventurer with no experience of running an industry. The ownership of the land offered as security was also doubtful and the security offered inadequate. The Board therefore resolved to recommend rejection of the application.

(ii) APPLICATION FROM SRI. M.RATHNAM, Proprietor, RATNAM INDUSTRIAL WORKS VEBERY, MADRAS FOR A LOANOF RS.5,000/-

The Board felt that there were no propects for the profitable manufacture of electric lamp holders, etc. on the scale and by the method proposed by the applicant The machinery installed and proposed to be installed by the applicant did not appear to be suitable for the production comtemplated. Nor did the applicant appear to possess any experience in the proposed line of manufacture The securities offered was also inadequate for a useful work. The Board therefore resolved to recommend rejection of the applicant.

(iii) APPLICATION FROM SRI. G.V.VENKATRATNAM, PROPRIETOR THE INDUSTRIAL AND SIENTIFIC WORKS, COIMBATORE FOR A LOAN OF RS.35,000/

The Board felt that applicant knew little about the industry proposed by him and seemed to consider the production of pipes to be a tinker's job. The capital expenditure proposed by the applicant was the totally inadequate for a scheme of the type proposed by the applicant and the security offered by by the applicant was very

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very inadequate. The Board therefore resolved to recommend rejection of the application.

(iv) APPLICATION FROM THE PAKANADU OIL MILLS LIMITED, NAGARI FOR A LOAN OF RS. 75.000/-

The applicants' representative who was present was interviewed and he was told that the Board was not prepared to recommend any loan for the oil milling industry in the district. If the applicants agreed to utilise the loan only for the establishment of the foundry as proposed in their application, the Board would be prepared to recommend their application. The applicants' representative expressed his acceptance of this condition but he explained that there was a prior mortgage of Rs. 20,000/- on the assets of the company. He requested that a loan of Rs. 20,000/- to clear this mortgage in addition to the amount required for the purchase of the foundry equipment might begranted. The Board thereupon resolved to recommend the grant of a loan of Rs.40,000/- (Rupees forty thousands only) repayable in 29 annual instalments subject to the condition that Rs. 29,000/- should be utilised to clear the existing mortgage and the balance for the purchase of equipment and the construction of buildings needed for establishing a foundry attached to the applicants' oil mill.

(v) APPLICATION FROM SRI. G. RAMACHANDRA REDDIAR, TIRUVANNAMALAI FOR A LOAN OF RS. 45,000/-

The applicants's representative who was present stated that their debts at present amounted to Rs.50,000/- only and not Rs.82,000/- as reported by the District Industries Officer, Vellore and that they were paying 6% interest on it. When questioned as to how they managed to repay the balance, he stated, that the necessary funds were obtained by the sale of the produce from the applicant's landed property. He explained that the loan applied for was required to discharge the existing debts. The Board felt that the applicants were sufficiently well off and could discharge their debts without any aid from Government. Further, they were paying only 6% interest on their existing debts i.e., 1% above the rate of interest charged on Government loans. Moreover, the applicants had made no mention of the debts in their original application and revealed them only when they were asked as to how they proposed to utilise the laon. In their application they had stated that the loan would be utilised for the purchase of machinery. In view of the above facts and in view of the Boards General Resolution mentioned above on the grant of aid to the oil milling industry, the Board resolved to recommend rejection of the application.

APPLICATION FROM SRI. KOTRIKE PULLIAH CHETTY, DRONACHALAM FOR A LOAN OF RS.3,50,000/-

The applicant was interviewed and admitted that he was paying an income tax of Rs.80,000/- The Board felt that the applicant was sufficiently well off to finance the ~~capital~~ capital expenditure proposed by him. The Board also felt that there was not much change for the survival of the applicant's oil refining plant in face of the competition from the giant plant which was being installed at Kurnool by Messrs. Birla Bros.(Messrs. Tungabhadra Industries Ltd.) The applicants could in any case seek assistance from the Industrial and Financial coporation set up by the Government of India which was intended for giving aid on the scale sought by the applicant. In view of the above facts and in line with the Board's resolution of the grant of aid to the oil milling indust

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industry in General, the Board resolved to recommend rejection of the application.

(vii) APPLICATION FROM THE GRAMASEVAMANDIRAM THEMMAPURAM FOR A SUBSIDY OF RS. 2,000/-

The Board felt that this was a deserving case for the grant of aid by Government. The Chairman suggested that this case might be dealt with on the lines approved by Government for the establishment of production Centres in the selected Firkas and that if they Board permitted him, he would take the matter up independently. The Board accepted the suggestion of the Chairman. This Case would be dealt with by the Industries Department as proposed and the Board recommended that the applicants be informed accordingly

(viii) APPLICATION FROM THE SRIVI OIL AND GENERAL INDUSTRIES LTD. SRIVILLIPUTHUR FOR A LOAN OF RS.60,000/-

The Board felt that there were no prospects for the industry at Srivilliputhur and that the Directors were sufficiently well-off to finance the industry themselves. In view of these facts and in view of the Board's resolution mentioned above on the grant of aid to the oil milling industry in general, the BOARD RESOLVED TO RECOMMEND rejection of the application.

(ix) APPLICATION FROM SRI. KARRI PAPA RAO, Proprietor RASO'S PEN WORKS FOR A LOAN OF RS.1,000 AND A SUBSIDY OF RS.2,000/

As pointed out in the note prepared by the Director of Industries and Commerce, on this application, the grant of a subsidy was ruled out. The Board also felt that the security available was inadequate and the propoects for the industry of which another older unit was already in existence in the same town, were poor The Board therefore resolved to recommend rejection of the application.

(x) APPLICATION FROM THE NATIONAL INDUSTRIES (RAJAPALAYAM) LIMITED, Rajapalayam for a Loan of Rs. 1,00,000/-

The Applicant's representatives who were present were interviewed by the Board. It was pointed out to them that the remuneration paid to the managing Agents was excessive and unless they agreed to reduce the same to Rs.200/- atleast permensem until the repayment of any loan granted to them, the Board would not be prepared to recommend the application. The security was adequate for a loan of about Rs. 35,000 only. The applicants representatives expressed their willingness to abide by this condition. The Board therefore resolved to recommend a loan or Rs. 30,000/- (Rupees thirty thousands only) repayable in 15 years subject to the above condition

(xi) APPLICATION FROM THE METAL INDUSTRIES LIMITED, Shoranur for a Loan of Rs. 2,00000/

The applicants representative who was present was interviewed, He informed the Board that Rs. 65,000/- out of the previous loan of Rs.1,00,000/- granted to him was still left unspent. He explained that he required the additional loan of Rs.2,00,000/- in order to complete the programme of expansion of

of his factory. It was then pointed out to him by the Board that Government could not be expected to finance all the schemes he had in view and that if he confined his proposals to the expansion of the manufacture of agricultural implements alone, the Board would be prepared to recommend a loan of Rs.75,000/- only, which the Board considered would be sufficient The security was also adquate only for such a loan. The applicant was asked to state whether he was prepared to accept this amount and utilise it only for the purchase of additional machinery for the manufacture of agricultural implements. The applicants' representative having agreed, the Board resolved to recommend a loan of Rs.75,000 (Rupees seventy five thousands only repayable in 20 annual instalments for the purchase of machinery for the production of agricultural implements. (vx)

(xii) APPLICATION FROM THE PURNIMA STRAW BOARD AND PAPER MILLS LIMITED MOODBIDRI FOR A LOAN OF RS. 1,25,000/-

The members of the Board visited the factory of the applicants at Moodbidri and satisfied themselves that the applicants had really made some progress towards the establishment of their industry. The applicants had installed all the machinery so far purchased and were in a position to produce straw board using waste paper as raw meterial. In order, however, to produce board from grass as proposed by the applicants they required a boiler and a digester and a few other minor items of equipment. The loan applied for was required for the purchase and installation of such machinery. The Board felt that this was a deserving case but the maximum loan that could be granted on the security of the assets was only Rs.80,000/- after taking into consideration the Executive Engineer's valuation of the buildings of the applicants factory at Rs.40,000/- The Board asked the applicant's representative whether they are prepared to accept this amount and find the balanee of their requirements from other sources. The applicants' representative having agreed to accept the reduced loan, the Board recommended the grant of a loan of Rs.80,000/- (Rupees eighty thousand only) repayable in 15 annual instalments for the purchase of additional machinery and equipment.

(xiii) APPLICATION FROM THE MANGALAM OIL MILLS LIMITED, TIRUR FOR A LOAN OF RS. 40,000/-

The applicants' representative was interviewed by the Board and he stated that the loan was required for the working expenses of their factory. The Board felt that the Directors of the Company were sufficiently well off and could easily provide the additional finance required for the working expenses of their mill. In view of this, the inadequacy of the seucirity offered and in view of the Board's resolution on the grant of aid to the oil milling industry in general, the Board resolved to recommend rejection of the application.

(xiv) APPLICATION FROM THE MALAYALAM OIL MILLS LIMITED CHALAPURAM, CALICUT FOR A LOAN OF RS.13,40,000/-

The promoters wanted Rs.12,40,000/- which amounted to over 80% of the total capital. The Board felt that this was a case of pure speculation. All the reports indicated that the Directors of the Company were adventurers without

P.T.O.

without standing and unreliable and the security offered was adequate only for a loan of Rs.1 lakh. In the circumstances the Board resolved to recommend rejection of the application.

(xv) APPLICATION FROM THE JUPITOR OIL MILLS LIMITED, DHARAPURAM FOR A LOAN OF RS.50,000/-

All reports indicated that the Directors of this company were unreliable and had no business experience. The managing Agents were non-residents of the place where the factory was proposed to be located. The security was adequate for a loan of Rs.30,000 only. The application was also from an oil milling industry. In view of the above facts, the Board resolved to recommend rejection of the application.

(xvi) APPLICATION FROM MR. MA.G.SIMAN, RAMNAD FOR A LOAN OF RS.2,000/-

Reports indicated that the applicant was not doing any business at present and that the security was quite inadequate for the loan applied for. The industry for which aid was sought was a very minor industry for running which the applicant did not seem suitable, and did not deserve any assistance from Government. In view of these facts, the Board resolved to recommend rejection of the application.

(xvii) APPLICATION FROM THE SERANAD INDUSTRIAL COPORATION LTD., RASIPURAM, SALEM FOR A LOAN OF RS. 3,50,000/-

The applicants' representative who was present was interviewed informed the Board that the remuneration paid to the Managing Agents of the company was Rs.500/- per mensem at present and would be Rs.1,000/- per mensem after commencement of the business. He was informed by the Board that since the applicants financial resources were limited and in view of the existance of a separate industry in the neighbourhood (Erode) for the various finishing processes of the handloom industry, they should limit their scheme to more modest dimensions preferably sufficient to work the 24 looms already installed or ordered. The Board would be prepared to recommend a loan on the following condition

(a) the loan was utilised for the purchase of additional machinery for working the 24 looms only and not for finishing processes for which capacity existed in the area.

(b) the Managing Agents' allowance was reduced to Rs.250/- per mensem till the loan was fully repaid

(c) the Directors' sitting fees were reduced to Rs.10/- per meeting till the loan was repaid fully.

(d) the loan was repaid in 10 annual instalments.

The applicants' representative haing agreed to all these conditions the Board resolved the to recommend a loan of Rs.30,000/- (Rupees thirty thousands only) repayable in 10 annual instalments and subject to the conditions mentioned above

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(xviii) APPLICATION FROM MESSRS. B.F. ARANHA & CO., MANAGALORE FOR A LOAN OF RS. 50,000/-

The applicant was interviewed and when questioned by the members of the Board stated that he was quite satisfied that the whiting proposed to be manufactured by him would come up to the quality of the imported product. He admitted however that he had not obtained the certificate of any independent authority as to the suitability of the raw material of the quality of the finished product as prepared by him. The Board felt that it should be convinced first that the whiting manufactured by the applicant would be similar in quality to the imported whiting. For ~~they~~ this purpose the Board desired the applicant to send a sample of the whiting prepared by him and also bring the raw material and demonstrate in person the preparation of the whiting before an officer of the Industries and commerce Department. The Director of Industries and Commerce was requested to place the results of the demonstration before the Board at a future meeting. The Director of Industries and Commerce was also requested to check the cost of the manufacture as reported by the applicant.

The applicant was asked whether he would be prepared to accept a loan instead of an overdraft or cash credit and whether he would use the loan for the purchase of necessary machinery and find the funds for working expenses from his own, resources. The applicant expressed his acceptance of this suggestion Thereupon the Board resolved to postpone the consideration of the application to a future meeting.

(xix) APPLICATION FROM SRI KOCHUNNI NAIR, PROPRIETOR, THE AMBIKA MATCH WORKS, OTTAPALAYAM FOR A LOAN OF RS. 35,000/-

The Board resolved to recommend rejection of the application for the reasons contained in the note.

(xx) APPLICATION FROM MESSRS. ARUNACHALA UDAYAR AND BROS. AYOTHIPATNAM FOR A LOAN OF RS. 15,000/-

The applicants' representative who was present admitted that the proprietors were well off and could actually finance the industry themselves. He admitted that the application was made in the hope of getting funds at low interest. The Board felt that there was no need for the loan and resolved the recommend rejection of the application.

(xxi) APPLICATION FROM SRI. KUNHIKANNAN NAIR, PROPRIETOR, THE KANNAN TILE WORKS ~~XXXXXXX~~ PEROKE, FOR A LOAN OF RS. 40,000/-

The applicant who was present admitted that he had no previous experience in tile manufacture. He was thereupon advised not to embrak on the industry with his own resources as there was not much scope for yet another tile factory in the area which was dotted with a number of them. The Board thereupon resolved to recommend rejection of the application.

Sd. x x x x x x,
CHAIRMAN.

GOVERNMENT OF MADRAS

ABSTRACT

ACTS AND RULES State Aid to Industries Act - Board of Industries - 50th Meeting - Minutes Recorded
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DEVELOPMENT DEPARTMENT

G.O.Ms.No.5850 dated 26-11-48.
Read the following:-

From the Director of Industries and Commerce,
No.S.A.8386/48, dated 15-11-48

O R D E R :-

R E C O R D E D

Sd. Secretary to Government,
5-11-48.

To
The Director of Industries and Commerce.

/True copy/

A. G. S. G.
Asst. Office Assistant,
Madras Record Office.

No.7.

24/11/48